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# **DIGITALEUROPE Policy Statement on Connected TV within the Global Media Value Chain**



## **Background and Introduction**

It is three years since DIGITALEUROPE published its initial policy statement on Connected TV ([here](#)). Although the fast-moving world of digital communications and entertainment, these principles are still applicable and up to date. DIGITALEUROPE hereby takes this opportunity to reaffirm these common principles that apply to the CTV eco-system as we approach the second decade of Connected TVs.

DIGITALEUROPE has therefore consolidated some common themes so that a harmonised CE manufacturer view can be presented across Europe for the benefit of all constituencies, not the least that of the consumer. As before, at the forefront of DIGITALEUROPE's approach remains a commitment to best serving the needs of the consumer. Furthermore, we continue to believe that this is best served through mutual understanding and collaboration across the wider industry.



## **Global Industry Context**

In the last three years the popularity and acceptance of “catch-up” and “VOD” (in its various different formats) has been securely accepted by the European consumer, whilst at the same time broadcasting, especially Public Service broadcasting, remains in excellent health. It is becoming clear that consumers value free choice and a hybrid approach. They are increasingly watching xVOD from an increasing number of choices but are still tuning into linear broadcast television in their millions. In today's hybrid world VOD and live linear broadcasting are proving to be complementary, not substitutional, and as such should exist equally in the eco-system alongside each other.

Many commentators and observers within Europe have portrayed certain elements of xVOD, and similar services, as a threat that must be restrained in order that existing industry status quo and practices can be maintained, however DIGITALEUROPE

believes that such services are an opportunity to enhance, educate and entertain the consumer in both a global and local context equally.

Consumers should have fair and reasonable access to all such content opportunities. The best way to enable this remains through the promotion and adoption of global technologies, standards and specifications, as efficiently and effectively as possible. As we stated previously, individual territories cannot operate as purely separate and unique entities, especially in the field of setting technology standards and platform specifications, nor by adding local burdensome certification and conformance regimes.

The connected TV remains an extremely important part of this delivery eco-system, but in recent years there has been a worrying trend that increasingly discriminates against this category of device, compared to similar technologies that also deliver such AV content to the consumer. This ranges from additional monetary levies, to additional and more onerous compliance regimes and the introduction of (historically unnecessary) legally binding contracts, in order that devices can be permitted to give the consumer access to such public services. All of this additional burden ultimately translates into increased costs that have to be absorbed by the consumer and ultimately increase the barriers to EU consumers being able to view EU content.

Both TV user experience and content distribution landscapes continue to change rapidly, bringing new and diverse services to the market and increasing options for delivering and consuming entertainment. Hence the connected TV user interfaces also needs to be able to adapt to this dynamic environment, to provide consumers with relevant and optimal choices of local and global content. Innovations such as Artificial Intelligence and the increased integration of voice control are both in their relative early stages of implementation and promise to considerably enhance the overall consumer experience.

Nevertheless, manufacturer continue to acknowledge that good progress has been made in Europe toward increased harmonisation, particularly in Italy and UK with their successful migrations to the HbbTV standard. Although work still needs to be done to further minimise unnecessary national variations within the EU.

As we stated previously, the digital switchover (DSO) is essentially complete and core digital television functionality and interoperability has successfully been delivered to the market. Notwithstanding, some of the issues introduced above, CE manufacturers have successfully provided free implementations of catch up services across the EU, the essence of the modern basic consumer TV experience.



## The Economic Value of Connected TV features

Despite all these new smart innovations in the last three years and more, the basic buying process and criteria for consumer product selection has however not significantly changed. Normal consumer buying behaviour is still essentially motivated by the traditional core TV features of Picture and Audio Quality, Price, Screen Size, Brand Reputation, Aesthetic Design, etc.

Many of the more recent smart TV features have been extremely complicated to implement, more costly for the manufacturer to develop and certify, frequently with no accompanying content services and with very little reciprocal satisfactory commercial return, when the only means of recovering such costs is through the initial purchase price of the TV. Increasingly manufacturers are looking to alternative commercial models to justify the costs involved in bringing such new features to market. Effectively, in order to economically survive, manufacturers will increasingly have to supplement their physical product offerings with additional service-oriented offerings.

The trend continues to grow in the development of technical specifications whereby some features may not be enabled in a device unless there is a mutually acceptable bi-lateral agreement between all the relevant players and partners within the value chain. As predicted previously DIGITALEUROPE expects this phenomenon to continue to grow over time and encourages all players in the industry to cooperate in the best economic interests of the whole sector.

It remains the case that it is not the role of DIGITALEUROPE or the Standards Development Organisations (SDO) to be involved in a bi-lateral arrangement in any manner. Manufacturers must have the choice to make such features freely available at their own discretion, rather than being a requirement to follow unreasonable mandatory statements of a given specification or compliance regime.



## Compliance Requirements

DIGITALEUROPE does not support heavy touch compliance frameworks for market devices and does not perceive that any of the issues raised in this paper would necessitate regulation or intervention. Some non-manufacturer participants in the value chain have acknowledged and accepted many of these notions and are moving in a mutually acceptable direction.

The needs of broadcasters and network operators must be set within the context of global digital device design with the associated standards and specifications. Overall device compliance requirements must be light touch and not prescribe how CE manufacturers

design their UIs, which advanced features must be included, nor excessively define performance capability. The same principles apply to local / national Trade Mark Licensors. Globally oriented CTVs are increasingly offering and delivering pan- European and international content and services. As such, it is no longer appropriate to artificially restrict, ring-fence, or prescribe how (local) services and content are supplied to the consumer.

National bodies and local compliance regimes must be extremely cautious in diverting from global and European norms. This is especially so when interpreting and implementing European Directives at the national level. Deviations, however small, will inevitably result in additional costs of manufacturer, all of which will inevitably be passed on to the consumer. European norms should be encouraged to be sufficiently detailed and complete that no there is no justification for national bodies and local compliance regimes to deviate except in genuinely exceptional circumstances.

As a consequence of advanced feature development, it is also not appropriate that compliance and certification requirements would be designed with a one-size-fits-all approach. Whilst that was possibly a valid approach historically for core DTV, where TVs essentially behaved almost identically with very similar technical capabilities, it will no longer be appropriate to require that all CTVs include all possible (advanced) new features. Consumers expect a myriad of capabilities in their devices and have wildly divergent needs and expectations. Manufacturers must be free to design products accordingly. Market fragmentation is not a risk since manufacturers remain committed to implement such features in an open and standardised manner.

Furthermore, for both core features and those subject to bi-lateral agreements, it remains important that common solutions are used across markets and operators. The need to avoid increased costs would be a natural market prevention against fragmentation, for all technologies and especially for features with costly development costs and long lead times due to hardware dependency. “Toolbox” specifications, for example on audio and video formats and application security, would in contrast be unhelpful and damaging to the market.

## Guiding Principles

Rather than drawing up a definitive list on features, DIGITALEUROPE essentially reiterates the previously outlined principles as guidance for the scope of bi-lateral agreements:

- » Manufacturers must not be expected to develop and implement advanced features without solid assurance that services will utilise such features, in a mutually acceptable timeframe.

- i.e. there is no commercially viable business model that assumes CE manufacturers could implement features many years ahead of the equivalent deployable services.
- » Where advanced features are being used to generate additional revenues on top of the core DTV offering, then fair and appropriate on-going remuneration, or alternative mutually satisfactory commercial agreements, will be due.
- » It must be accepted that the manufacturers themselves will be increasingly incorporating service propositions within their devices that must be allowed to satisfactorily sit alongside existing traditional service offerings
- » Consumer usage data and personalisation or profiling needs to fully comply with data protection rules (e.g. on fair processing, consent, etc.).
- » No responsibility in regard to data protection compliance can be simply transferred to manufacturers when broadcasters launch new services.
- » Provision and exchange of data will be subject to commercial or bi-lateral agreement.
- » Example features of an agreement include:
  - Synchronised adverts on companion screens
  - Commercial exploitation of personalized usage data
  - Targeted and Programmatic real-time advertising
  - User recommendations
  - Applications that replace traditional parts of the manufacturers User Interface



## Connected Application Content Management

DIGITALEUROPE acknowledges that it is very important that popular and sought after PSB content in particular is invariably surfaced to the consumer as easily as possible and that search tools are user-friendly, efficient and meet the needs of the consumer. We support continued universal access to core PSB channels on all the established main broadcasting platforms and remain committed to preserving the values of broadcasting content integrity, including recognising and not obfuscating content ownership and attribution.

That said, manufacturers are concerned that it could be seen as an anti-competitive practice should content providers restrict or deny access to content and global services if, for example, requirements for local display and prominence are not met. Explicit prominence rules for devices should not be mandated from a Trademark Licenser or compliance basis.



## Collaboration & Communication

DIGITALEUROPE stresses its commitment to a collaborative approach with all other parties in the value chain and encourages on-going dialogue between all parties. However, we strongly encourage local and national organisations not to act in isolation from the rest of the European context and to refrain from any unnecessary specification of local variations. DIGITALEUROPE advocates instead where necessary the use of "local best practices" or "guidelines" rather than prescriptive exceptions.

By working together in such a collaborative manner, DIGITALEUROPE believes we will collectively deliver the best possible consumer experience, in an environment where all parties receive a fair recompense for the effort and value that they have added to the equation.

FOR MORE INFORMATION, PLEASE CONTACT:



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## About DIGITALEUROPE

DIGITALEUROPE represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies. DIGITALEUROPE ensures industry participation in the development and implementation of EU policies.

# DIGITALEUROPE Membership

## Corporate Members

Airbus, Amazon, AMD, Apple, Arçelik, Bosch, Bose, Bristol-Myers Squibb, Brother, Canon, Cisco, Dell, Dropbox, Epson, Ericsson, Facebook, Fujitsu, Google, Hewlett Packard Enterprise, Hitachi, HP Inc., HSBC, Huawei, Intel, Johnson & Johnson, JVC Kenwood Group, Konica Minolta, Kyocera, Lenovo, Lexmark, LG Electronics, Loewe, MasterCard, METRO, Microsoft, Mitsubishi Electric Europe, Motorola Solutions, MSD Europe Inc., NEC, Nokia, Nvidia Ltd., Océ, Oki, Oracle, Palo Alto Networks, Panasonic Europe, Philips, Pioneer, Qualcomm, Ricoh Europe PLC, Rockwell Automation, Samsung, SAP, SAS, Schneider Electric, Sharp Electronics, Siemens, Siemens Healthineers, Sony, Swatch Group, Tata Consultancy Services, Technicolor, Texas Instruments, Toshiba, TP Vision, VMware, Xerox.

## National Trade Associations

<b>Austria:</b> IOÖ	<b>Germany:</b> BITKOM, ZVEI	<b>Slovakia:</b> ITAS
<b>Belarus:</b> INFOPARK	<b>Greece:</b> SEPE	<b>Slovenia:</b> GZS
<b>Belgium:</b> AGORIA	<b>Hungary:</b> IVSZ	<b>Spain:</b> AMETIC
<b>Bulgaria:</b> BAIT	<b>Ireland:</b> Technology Ireland	<b>Sweden:</b> Foreningen
<b>Croatia:</b> Croatian Chamber of Economy	<b>Italy:</b> Anitec-Assinform	Teknikföretagen i Sverige, IT&Telekomföretagen
<b>Cyprus:</b> CITEA	<b>Lithuania:</b> INFOBALT	<b>Switzerland:</b> SWICO
<b>Denmark:</b> DI Digital, IT BRANCHEN	<b>Luxembourg:</b> APSI	<b>Turkey:</b> Digital Turkey Platform, ECID
<b>Estonia:</b> ITL	<b>Netherlands:</b> Nederland ICT, FIAR	<b>Ukraine:</b> IT UKRAINE
<b>Finland:</b> TIF	<b>Norway:</b> Abelia	<b>United Kingdom:</b> techUK
<b>France:</b> AFNUM, Syntec Numérique, Tech in France	<b>Poland:</b> KIGEIT, PIIT, ZIPSEE	
	<b>Portugal:</b> AGEFE	
	<b>Romania:</b> ANIS, APDETIC	